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E-mail: rmcbhojpur@gmail.com

E-Governance and Economic Power Structures

Aswasthama Bhakta Kharel, PhD

Assit. Prof., Department of Political Science, Ratna Rajyalaxmi Campus, TU

ORCID: <https://orcid.org/0009-0009-9203-4040>

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Corresponding Author: Aswasthama Bhakta Kharel,

Email: aswasthama.kharel@gmail.com

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Abstract

This study examines the complex relationship between e-governance and economic power structures, analyzing how digital governance systems reshape the distribution of authority, resources, and opportunities among state institutions, local governments, and economic actors. Drawing on secondary sources, the study explores both the centralizing and decentralizing effects of e-governance. Centralized digital platforms, such as national databases, e-procurement systems, and digital taxation frameworks, enhance government capacity to monitor financial flows, enforce regulations, and reduce corruption, thereby consolidating economic authority at higher administrative levels. Conversely, decentralized e-governance initiatives empower local governments, small and medium enterprises (SMEs), and marginalized communities by improving access to services, reducing bureaucratic barriers, and fostering participatory economic decision-making. The study further highlights the growing role of the private sector in providing digital infrastructure, which raises concerns regarding market concentration, data ownership, and regulatory dependence. Persistent challenges including the digital divide, weak data governance, limited institutional capacity, and uneven policy implementation continue to shape the effectiveness and inclusivity of digital governance systems. The findings underscore that while e-governance can promote transparency, efficiency, and economic empowerment, its benefits are contingent upon equitable access, robust institutional frameworks, ethical data management, and targeted policy interventions. The paper contributes a synthesized framework linking centralization–decentralization dynamics to economic power redistribution and offers policy-relevant insights for developing countries such as Nepal. Future research should adopt comparative and interdisciplinary approaches to optimize e-governance outcomes.

Keywords: E-governance, Digital governance, Digital divide, Economic development, institutional capacity

Introduction

E-governance has emerged as a transformative force in contemporary public administration, reshaping how governments design, implement, and evaluate policy in an increasingly digital world. This transformation is driven by the growing demand for responsive, citizen-centric governance that leverages digital tools to automate administrative functions, strengthen decision-making, and improve the overall quality of public service (Chowdhury, 2025, p. 363). E-governance extends beyond the mere digitization of services; it entails a broader reconfiguration of institutional processes, administrative cultures, and state–society interaction. Governments worldwide are adopting digital platforms to streamline operations, reduce transaction costs, and improve accessibility. Developing countries, in particular, must play a more active role in formulating national policies and strategies that promote the information economy in order to realize substantial economic and social benefits (Ndou, 2004).

The implications of e-governance, however, are not confined to gains in efficiency and transparency; they extend deeply into the realm of economic power. By altering how resources are allocated, monitored, and controlled, e-governance influences the distribution of economic authority among state institutions, private enterprises, and citizens. It is therefore essential to analyze e-governance not merely as a technological innovation but as a structural force that redefines economic relationships and power hierarchies within society.

At its core, e-governance involves the strategic application of information and communication technologies (ICTs) to support governance functions, including decision-making, policy execution, service delivery, and citizen participation. The diffusion of ICTs in the public sector, particularly through the internet and the World Wide Web, is now commonplace (Melitski, 2007). These technologies enable real-time data collection, automation of administrative procedures, and improved coordination across government agencies. While early discussions of e-governance concentrated on its capacity to reduce corruption, enhance accountability, and improve service efficiency, more recent scholarship emphasizes its structural role in shaping economic systems. Digital tools such as electronic procurement systems, online taxation platforms, and digital identity frameworks alter how economic transactions are conducted and regulated. The growing use of the internet in production activities has further accelerated technological development, significantly increasing the efficiency and competitiveness of national economies (Mulyani et al., 2023, p. 134). Depending on their design, such systems may centralize control within state institutions through data consolidation or, conversely, decentralize authority by enabling local

governments and communities to access and manage resources more effectively. The design, governance, and implementation of e-governance systems therefore play a decisive role in determining whether they reinforce existing economic power asymmetries or foster more equitable economic participation.

The intersection between e-governance and economic power structures becomes still more complex in the context of globalization and the rise of digital capitalism. The increasing reliance on digital infrastructure has elevated the role of multinational technology corporations, data-analytics firms, and platform-based enterprises in governance processes. Governments often depend on these private entities for the development, maintenance, and operation of digital systems, a dependency that can generate new forms of influence and vulnerability. Sustained dynamism, integration, cooperation, and responsiveness to emerging trends remain essential for government digital platforms to retain public legitimacy (Garcia et al., 2014, p. 10). This dependency raises critical concerns regarding data sovereignty, privacy, and the concentration of economic power among a limited number of dominant actors. At the same time, e-governance can create new economic opportunities by lowering entry barriers for SMEs, facilitating digital entrepreneurship, and improving access to markets and financial services. This dual character of e-governance as both an enabler of economic democratization and a potential driver of market concentration underscores the need for a nuanced analysis of its impact on economic power distribution within a globalized digital economy.

In developing and transitional economies, the relationship between e-governance and economic power structures is shaped by distinctive socio-economic and institutional conditions. Factors such as limited digital infrastructure, disparities in internet access, and uneven digital literacy significantly influence the outcomes of e-governance initiatives. While digital governance systems can bridge gaps in service delivery, reduce administrative inefficiencies, and promote financial inclusion, they may also exacerbate existing inequalities where access remains uneven. Marginalized populations, rural communities, and small-scale enterprises frequently face structural barriers to participation, limiting their ability to benefit from digital transformation. Political will, institutional capacity, and governance frameworks are therefore decisive in determining whether e-governance reforms produce genuine redistribution of economic power or merely reproduce existing elite control in digital form. Understanding these contextual dynamics is essential for assessing the broader socio-economic implications of e-governance across diverse settings.

This research critically examines the multifaceted relationship between e-governance and economic power structures, with particular emphasis on how digital transformation shapes the allocation and exercise of economic authority. By synthesizing theoretical insight with the empirical literature, the study identifies patterns, challenges, and opportunities

associated with e-governance across different contexts, and it examines both the conditions under which e-governance promotes inclusivity and equitable development and the circumstances in which it consolidates power among dominant actors. In doing so, the paper contributes to ongoing debates on digital governance, economic equity, and the evolving role of the state in the digital age, and offers policy-relevant recommendations, with specific reference to developing countries such as Nepal, for designing e-governance systems that are technologically efficient, socially inclusive, and economically just.

Methods and Materials

This study adopts a qualitative research design based on secondary data to examine the relationship between e-governance and economic power structures. It draws on a wide range of credible sources, including peer-reviewed journal articles, policy documents, and publications from international organizations such as the World Bank, the United Nations, and the Organization for Economic Co-operation and Development (OECD), supplemented by national digital-governance strategies, legislative frameworks, and institutional reports that document the implementation and impact of e-governance initiatives in different contexts.

Data collection follows a systematic literature review conducted through academic databases, principally Google Scholar. Sources are included if they are published within approximately the last two decades, with priority given to publications from the last ten years to ensure currency; are peer-reviewed, published by a recognized international or governmental institution, or otherwise subject to editorial scrutiny; and addresses, explicitly or substantively, the relationship between digital governance and economic authority, resource distribution, or institutional power. Sources are excluded if they are outdated, non-rigorous, purely promotional, or tangential to the study's conceptual focus. This selection process, while systematic, remains inherently interpretive, and the boundaries of inclusion were applied through the authors' judgment rather than a fully automated protocol.

The analysis employs qualitative content analysis and thematic synthesis to identify recurring patterns, concepts, and relationships within the collected materials. Selected sources are reviewed, coded, and categorized into major themes, including centralization versus decentralization of authority, digital inclusion and exclusion, data ownership, institutional transformation, and market influence. Comparative analysis across regions and governance models is used to highlight contextual variation in how e-governance shapes economic power distribution. To strengthen validity and reliability, the study incorporates source triangulation by cross-verifying claims across multiple references and critically evaluating potential bias in institutional and policy-oriented documents, particularly reports produced by actors with a direct stake in the adoption of the technologies they describe.

This approach carries clear limitations that should inform how the findings are interpreted. First, reliance exclusively on secondary data means the study cannot verify claims through direct field observation, interviews, or primary datasets, and it necessarily inherits any biases present in the reviewed literature. Second, because much of the available literature originates from middle- and high-income country contexts, the evidence base may under-represent the realities of low-income and fragile states. Third, the thematic coding process, although guided by established categories in the literature, involves an element of interpretive judgment that could vary across researchers. These limitations do not undermine the study's conceptual contribution but indicate that its conclusions are best understood as a theoretically grounded synthesis rather than a definitive empirical test, and they point to the value of future primary research, including comparative case studies and quantitative analysis, that can validate and extend the patterns identified here.

Review of Literature

The literature on e-governance has evolved considerably over the past two decades, shifting from a narrowly technological perspective toward a more comprehensive understanding of its socio-economic and political implications. Early studies conceptualized e-governance primarily as the application of ICTs to improve public-sector efficiency, transparency, and service delivery. The progressive integration of digital and computational technologies into individual, organizational, and national frameworks embedded these tools within the broader domain of governance (Neupane, 2024), while scholars such as Dangal (2025) framed good governance, promoting transparency, accountability, and inclusivity in government operations, as a cornerstone of effective public administration. As digital systems became more deeply embedded in state structures, however, researchers increasingly recognized that e-governance is not a neutral administrative tool but a transformative force that reshapes institutional arrangements and redistributes power. This conceptual shift laid the foundation for examining how digital governance intersects with broader economic structures and the allocation of resources and authority within society.

A substantial body of literature examines e-governance's role in restructuring economic power through the twin dynamics of centralization and decentralization. Saxena (2005) observes that e-governance initiatives are now common across industrialized, emerging, and developing economies alike, though their institutional effects differ sharply by context. On one hand, digital platforms such as e-procurement systems, digital taxation mechanisms, and centralized data infrastructures enable governments to consolidate control over economic transactions and regulatory processes. In developing economies, where procurement often accounts for a significant share of GDP, the absence of transparency has been linked to systemic corruption, resource misallocation, and impaired service delivery (Okoruwa et al., 2024); centralization in these settings can therefore enhance oversight and

reduce leakage in public finance, strengthening state capacity. On the other hand, other scholars argue that e-governance can decentralize power by enabling local governments, small enterprises, and citizens to access information and participate more actively in economic life. Priyadarshi (2025), for instance, finds that rural customers' financial behavior is shaped substantially by perceived utility, usability, digital financial literacy, and service accessibility, the evidence that digital platforms can extend economic agency to previously excluded groups when designed appropriately. Kharel (2024, p. 112) similarly documents how the frequency of social-media use functions as a pivotal factor in political mobilization, reinforcing the broader argument that digital tools can redistribute voice and influence rather than simply concentrate it.

Read together, these strands of literature present a genuinely dual picture rather than a settled consensus: whether e-governance centralizes or decentralizes economic power appears to depend less on the technology itself than on the institutional design choices, political incentives, and regulatory context surrounding its deployment, a conditionality that much of the existing literature acknowledges in principle but rarely examines systematically. Few studies, for example, specify the institutional thresholds or design features that tip a given digital platform toward one outcome or the other, which represents a notable gap this study seeks to address in the discussion that follows.

A second strand of research examines the relationship between e-governance and digital inequality, particularly in developing and transitional economies. While digital governance systems can promote inclusivity and economic participation, they may equally reinforce existing socio-economic inequality where access remains uneven. Evidence consistently shows that urban populations, educated individuals, and technologically capable businesses are best positioned to benefit from digital platforms, while rural communities and marginalized groups risk exclusion. Park et al. (2019) describe rural digital exclusion as a longstanding and largely unresolved problem despite repeated infrastructure and participation interventions, a finding that suggests policy interventions to date have addressed access more effectively than the deeper drivers of exclusion, such as digital literacy and localized service design. This "digital divide" carries direct implications for economic power, since it determines who can access opportunities, resources, and decision-making processes within a digital economy.

A third theme concerns the growing influence of private-sector actors, particularly large technology firms, in the governance of digital systems. Governments increasingly depend on private companies for the development and management of digital infrastructure, including cloud computing, data analytics, and digital-identity systems; Wolfond (2017, p. 38) notes that public and private organizations face considerable challenges in synchronizing their digital-transformation efforts to realize network effects. This reliance can

produce new forms of economic concentration and dependency, in which a small number of corporations gain disproportionate control over critical digital resources and data flows, raising questions about the extent to which states can retain sovereignty in the face of powerful global technology actors (Agnew, 2005). Fiscal centralization compounds this dynamic: Kharel and Acharya (2023, p. 3) show that central control over fiscal resources constrains the financial autonomy of subnational entities, limiting their capacity to independently fund and implement policy. At the same time, other studies point out that public–private partnerships in e-governance can drive innovation, improve service delivery, and stimulate economic growth, indicating a genuinely contradictory relationship between state and market actors rather than a uniformly negative one.

Finally, more recent literature adopts an explicitly critical and interdisciplinary approach, situating e-governance within the broader framework of political economy and digital capitalism. These studies explore how digital governance systems are embedded within existing power relations and how they may reproduce, rather than resolve, structural inequality. Comparative work across countries suggests that the most successful e-governance models are those that combine technological innovation with strong institutional frameworks, inclusive policy design, and robust accountability mechanisms. Taken as a whole, the literature converges on the view that e-governance is neither inherently empowering nor inherently disempowering; its effect on economic power structures is contingent on the interplay of technological, institutional, and socio-economic factors. Three gaps are particularly evident and motivate the analysis that follows. First, comparatively few studies offer a systematic account of the specific institutional and regulatory conditions under which centralization tips toward abuse of authority versus legitimate state capacity-building. Second, much of the literature treats the digital divide and private-sector market concentration as parallel but separate concerns, even though the two dynamics are closely interlinked in practice. Third, the literature remains thin on context-specific policy guidance for smaller developing economies, Nepal among them, where institutional capacity constraints are especially acute; this paper’s discussion section addresses that gap directly.

Results and Discussion

Digitalization and Centralization of Economic Authority

The reviewed literature strongly supports the view that e-governance systems function as powerful instruments of centralization, particularly through the development of integrated and interoperable digital infrastructure. National platforms such as unified taxation systems, centralized financial-management information systems, digital-identity frameworks, and e-procurement portals enable governments to aggregate and process large volumes of economic data in real time. Hsu et al. (2006) find that more globalized firms, those that derive greater

benefit from e-business, face stronger government pressure, and command richer technological resources, tend to exhibit higher levels of e-business adoption, a pattern that illustrates how digitalization and institutional capacity reinforce one another. This consolidation enhances the state's capacity to monitor economic transactions, track public expenditure, and enforce regulatory compliance across sectors, in part by reducing information asymmetry between levels of government and limiting the discretion that has historically created opportunities for corruption. Automated tax filing and digital payment systems, for example, tend to improve revenue mobilization by increasing compliance and reducing leakage, while centralized procurement platforms enhance transparency in public spending through standardized procedures and auditable trails. Collectively, these mechanisms contribute to stronger fiscal discipline, improved policy coordination, and more efficient allocation of economic resources reinforcing the authority of central institutions in managing national economies.

At the same time, this centralization of economic authority is not without significant risk. The concentration of data, decision-making power, and technological control within a small number of central agencies can generate new forms of power asymmetry that, absent careful regulation, may undermine democratic governance. Where central authorities dominate digital infrastructure, local governments and decentralized institutions can lose the autonomy needed to address region-specific economic conditions, producing a one-size-fits-all approach to policy implementation that performs poorly in diverse socio-economic contexts. Excessive reliance on centralized systems also raises concerns about data security, privacy, and the potential misuse of information, particularly where legal and institutional safeguards remain weak, the conditions under which centralized digital control could be turned toward political or economic manipulation, further concentrating power among elite groups. Voelsen and Daniel (2022) frame global disputes over internet governance as conflicts over the reconfiguration of network authority along precisely these lines. The evidence, taken together, suggests that the central analytical question is not whether centralization occurs, but under what institutional conditions it strengthens versus undermines equitable governance: centralization appears to enhance state capacity constructively when paired with independent oversight, transparent audit mechanisms, and channels for local input, and to concentrate power destructively in their absence. Effective governance therefore requires not only strong central systems but also inclusive frameworks that empower local actors, ensure transparency, and maintain accountability in the exercise of economic authority.

Decentralization and Local Economic Empowerment

In contrast to the centralizing tendencies described above, the literature also provides substantial evidence that e-governance can catalyze decentralization and local economic

empowerment when designed around inclusive and participatory principles. Digital platforms enable subnational governments, municipalities and regional authorities to access real-time data on revenues, expenditures, population needs, and service outcomes. Ter-Minassian (2020) notes that this transformation creates both opportunities and challenges for all levels of government across tax and expenditure policy, service delivery, fiscal management, and regulatory practice. Enhanced access to information strengthens local decision-making, allowing authorities to design context-specific economic policies, allocate resources more efficiently, and respond promptly to emerging local challenges. Digital budgeting systems, local e-service portals, and participatory platforms further encourage citizen engagement, promoting transparency and accountability while enabling communities to influence economic priorities, a participatory dimension that is particularly significant for strengthening grassroots democracy and ensuring that development initiatives reflect local needs.

The findings further indicate that decentralized digital ecosystems can meaningfully reduce the administrative burdens that traditionally constrain SMEs and informal-sector participants. Basu (2004) describes e-government broadly as the use of information technologies, wide area networks, the internet, and mobile computing, capable of transforming relationships among citizens, businesses, and government. Through online licensing systems, digital payment platforms, and e-marketplaces, businesses can access government services more quickly and at lower cost, reducing dependence on intermediaries and administrative delay. This improved accessibility encourages entrepreneurship and market participation, especially for firms operating in remote or underserved areas. However, the success of decentralization efforts is highly contingent on the availability of adequate digital infrastructure, institutional capacity, and technical expertise at the local level; where connectivity is limited or local administrations lack necessary skills and resources, e-governance initiatives may fail to deliver meaningful empowerment and can even reinforce existing inequality. The comparison with Section 4.1 is instructive: centralization and decentralization are not opposing endpoints of a single spectrum but complementary capacities that depend on similar institutional preconditions, sound infrastructure, skilled personnel, and clear accountability mechanisms, applied at different administrative levels. E-governance therefore holds real potential to redistribute economic power toward local actors, but only where sustained investment in infrastructure, capacity-building, and supportive policy frameworks ensures inclusive and equitable access.

Table 1
Dimensions of E-Governance and Economic Power

Dimension	Positive Impact		Potential Risk
Centralization	Improved control and efficiency		Concentration of authority
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Dimension	Positive Impact	Potential Risk
Decentralization	Local empowerment and participation	Uneven implementation
Transparency	Reduced corruption	Limited accountability
Digital access	Increased inclusion	Digital divide
Private-sector involvement	Innovation and efficiency	Market concentration
Data governance	Better decision-making	Privacy and control issues

Impact on Transparency and Accountability

E-governance plays a central role in enhancing transparency by digitizing government operations and making key information more readily accessible to the public. Online platforms for budgeting, procurement, taxation, and service delivery allow citizens to track government activity in real time, reducing information asymmetry between state and society. This visibility limits opportunities for corruption, fraud, and mismanagement, since digital records create traceable audit trails that are harder to manipulate than paper-based systems. The literature widely treats transparency as one of the most significant achievements of e-governance, strengthening public trust in institutions and supporting more efficient and equitable allocation of economic resources; open-data initiatives and digital reporting systems further enable researchers, journalists, and civil-society organizations to scrutinize government performance.

Transparency, however, does not automatically translate into accountability, since access to information alone is insufficient without the capacity to act upon it. Realizing accountability requires that citizens and institutions have the legal protections, tools, and platforms needed to question, challenge, and influence government decisions. In practice, governments sometimes disclose data in fragmented, overly technical, or non-user-friendly formats that limit its practical usability, and selective disclosure can create an illusion of transparency while concealing critical aspects of governance. Edeh and Ogbu (2024) note that citizens are increasingly demanding transparency, responsiveness, and inclusive participation in government decision-making, demands that existing disclosure practices do not always satisfy. Effective accountability therefore depends on complementary conditions: robust legal and regulatory frameworks, active civil-society participation, independent oversight institutions, and adequate digital literacy among citizens. Absent these conditions, e-governance may improve visibility while falling short of enabling meaningful checks on economic and political power, a distinction between transparency and accountability that is

often elided in policy discourse but that this review suggests is analytically essential.

Digital Divide and Economic Inequality

The digital divide remains one of the most persistent obstacles to realizing the equitable potential of e-governance. Access to digital infrastructure, reliable internet connectivity, hardware, and software platforms, is highly uneven across regions, income groups, and social categories. Urban populations, higher-income households, and individuals with advanced technological skills are disproportionately positioned to benefit from e-governance initiatives, while rural communities, low-income groups, and marginalized populations face structural barriers to digital inclusion, often compounded by limited access to resources and information more broadly (Magar, 2026). These barriers include limited connectivity, high technology costs, inadequate digital literacy, and the absence of localized digital services in regional languages, all of which shape who can participate in governance processes and who can capture the economic opportunities that digital platforms create.

The consequences of the digital divide extend well beyond access to services; they carry direct implications for economic inequality. Individuals and businesses with reliable access to e-governance platforms are better positioned to engage in employment, entrepreneurship, and financial activity, enhancing income generation and market participation, while digitally excluded communities face compounded disadvantage, unable to draw on government support programs, online financial services, or market information. Without deliberate policy intervention, e-governance risks reinforcing pre-existing socio-economic hierarchies rather than mitigating them. Targeted digital-literacy programs, subsidized access to technology, expanded rural connectivity, and inclusive platform design are consistently identified in the literature as necessary, though not sufficient on their own, to bridge this divide. Equitable access to digital tools is thus a precondition not only for effective governance but for inclusive economic development that allows all socio-economic groups to share in the benefits of digital transformation.

Role of the Private Sector and Market Concentration

The private sector's growing role in e-governance carries both transformative potential and significant implications for the distribution of economic power. Large technology firms increasingly provide the infrastructure, software platforms, cloud services, and data-management solutions that governments rely on to implement and sustain digital-governance systems. Chowdhury (2022) situates this dependence within the broader disruption of the COVID-19 pandemic, widely recognized as a defining moment in global governance that accelerated digital adoption across public health, economic systems, education, and political administration. Private-sector involvement introduces efficiency gains, fosters technological innovation, and accelerates the deployment of e-governance

initiatives, particularly where public institutions lack technical expertise; cloud-based government portals, digital-identity systems, and AI-driven analytics platforms are frequently developed and maintained in partnership with private technology firms, improving service delivery for businesses and citizens alike.

This reliance, however, also raises concerns about the concentration of economic power. When a small number of multinational technology firms control key digital infrastructure, data systems, and platforms, they acquire disproportionate influence over critical economic and administrative processes, while governments may retain only limited capacity to regulate how these entities use sensitive economic and citizen data. Dependence on private providers can constrain state autonomy in decision-making and policy implementation, generating asymmetries of power between public and private actors; absent robust regulatory frameworks, public-private partnerships may unintentionally reinforce market dominance, favoring large corporations over smaller enterprises and local business. Ensuring that private-sector participation strengthens rather than undermines economic equity therefore requires carefully designed governance frameworks, clear accountability mechanisms, and policies that safeguard public control over critical digital assets while still promoting innovation and healthy competition.

Data Governance and Control of Economic Resources

In the digital era, data has become one of the most valuable economic resources, and e-governance systems are central to its generation, collection, and management. Digital platforms enable governments to gather extensive datasets on citizens, businesses, public expenditure, taxation, and service utilization, which can then be leveraged to improve economic planning, policy formulation, and resource allocation. Control over such data directly affects economic power structures, since it determines who can access critical information, make informed decisions, and identify opportunities within markets or public-service provision. Wolf et al. (2001) define information, consistent with the economics-of-information tradition, as an input that reduces a decision-maker's uncertainty, a framing that clarifies why control over data functions as a form of economic power in its own right, rather than a merely administrative concern. Governments with robust data-management systems can optimize financial flows, design targeted social and economic programs, and monitor policy effectiveness more accurately, consolidating both administrative and economic authority; well-managed data systems can likewise support transparency and efficiency, enabling both public institutions and private stakeholders to make strategic decisions grounded in reliable evidence.

Table 2***Effects of E-Governance on Economic Actors***

Economic Actor	Benefit	Challenge
Government	Enhanced efficiency, better monitoring	Over-centralization, dependency
Businesses	Easier access to services and markets	Digital skills gap
Large corporations	Increased opportunity in digital markets	Regulatory scrutiny
Citizens	Improved service delivery, transparency	Limited access for marginalized groups

At the same time, the literature warns of significant risks associated with the concentration and misuse of data. When large volumes of sensitive data are controlled by government agencies or dominant private firms without adequate oversight, this creates opportunities for exploitation, manipulation, or unethical use that can reinforce existing power imbalances. Data privacy, security breaches, and unclear ownership rights are increasingly flagged as critical challenges capable of undermining public trust and compromising the fairness of economic and governance processes. Ethical and transparent data governance, anchored in clear legal frameworks for data protection, accountability for misuse, open and interoperable data standards, and mechanisms that give citizens genuine knowledge of and control over their own information, is essential to mitigate these risks. Effective data governance thus functions as a linchpin balancing the benefits of e-governance against the risk of abuse of economic and political power in a digitally mediated society.

Institutional Capacity and Policy Implementation

The effectiveness of e-governance initiatives is consistently linked, across the literature, to institutional capacity and the quality of policy implementation. Countries and regions with well-established administrative systems, clearly defined regulatory frameworks, and skilled personnel are better positioned to design, deploy, and manage digital-governance platforms effectively; strong institutions facilitate strategic planning, resource allocation, and oversight, ensuring that e-governance initiatives deliver their intended economic and administrative outcomes. Governments with trained IT staff, policy analysts, and project managers, for instance, are better able to implement sophisticated systems such as integrated

e-procurement, digital taxation platforms, and citizen-service portals, systems that enhance transparency, efficiency, and economic oversight. High institutional capacity further allows governments to respond adaptively to challenges, monitor progress, and iteratively improve digital systems, thereby maximizing the potential benefits of e-governance for economic governance and resource distribution.

Conversely, countries with weak institutional structures face significant obstacles in implementing digital-governance reform, which limits the impact of e-governance on economic power distribution. Common challenges include a shortage of technical expertise, insufficient financial resources, and organizational resistance to change, all of which can produce poorly designed systems, delayed implementation, and low adoption. Weak regulatory frameworks may also fail to enforce accountability and data-security standards, undermining public trust and institutional legitimacy, while fragmented institutions frequently struggle with cross-departmental coordination, resulting in duplicated effort or inconsistent policy application. Strengthening institutional capacity is therefore critical, requiring not only investment in technology and infrastructure but also capacity-building for personnel, clear legal and regulatory mechanisms, and an organizational culture that embraces innovation and transparency. Absent these measures, e-governance risks becoming a tool that reproduces inefficiency and power imbalance rather than promoting equitable economic governance.

E-Governance and Inclusive Economic Development

E-governance holds significant promise for inclusive economic development by bridging gaps in access to public services, reducing bureaucratic hurdles, and lowering transaction costs for citizens and businesses. Digital platforms, including online financial services, e-marketplaces, and government service portals, can enable small businesses, entrepreneurs, and marginalized groups to participate more actively in economic life. Mobile banking and digital-payment systems, for example, allow previously unbanked populations to access financial services, while e-procurement and business-registration portals reduce administrative barriers for SMEs. By facilitating transparency, efficiency, and direct engagement among the state, businesses, and citizens, e-governance can democratize economic opportunity and support more equitable growth; such platforms can also underpin targeted economic programs — subsidies, grants, or training initiatives, that directly empower disadvantaged populations and stimulate local economic activity.

Realizing this potential, however, is highly contingent on deliberate policy intervention and strategic planning. Without targeted measures, digital-governance initiatives may disproportionately benefit urban, educated, and technologically skilled populations while leaving rural, low-income, and marginalized groups excluded, inadvertently reinforcing rather than reducing pre-existing socio-economic inequality. Genuine inclusivity requires

sustained attention to accessibility, affordability, and capacity-building: digital infrastructure must reach underserved areas, platforms must be user-friendly and available in local languages, and citizens must possess the skills needed to engage effectively with digital services. Complementary social and regulatory policies are equally necessary to guarantee equitable participation and protect vulnerable groups from digital exclusion. Inclusive e-governance, in short, is not automatic; it is the product of integrated effort that aligns technological innovation with equity-focused policy, ensuring that all segments of society can share in the benefits of digital-era economic development.

Table 3***Factors Influencing E-Governance Outcomes***

Factor	High-Impact Outcome	Low-Impact Outcome
Digital infrastructure	Efficient service delivery	Limited access and inefficiency
Institutional capacity	Successful implementation	Policy failure
Digital literacy	Inclusive participation	Exclusion
Regulatory frameworks	Balanced power distribution	Power concentration
Political will	Sustained reform	Inconsistent implementation

Theoretical Interpretation and Policy Implications for Developing Countries

The patterns identified across Sections 4.1–4.8 can be read through the lens of institutional political economy: e-governance does not possess a fixed distributive effect but instead acts as a magnifier of the institutional environment into which it is introduced, amplifying existing capacities and incentives rather than creating new ones from nothing. Where institutions are transparent, accountable, and reasonably well-resourced, digital tools tend to strengthen legitimate state capacity and extend that capacity to local actors and marginalized groups; where institutions are weak, captured, or under-resourced, the same tools tend to entrench the advantages of whoever already controls administrative or technological infrastructure, be that central agencies, elite networks, or dominant private firms. This interpretation helps reconcile the literature’s seemingly contradictory findings on centralization and decentralization: both are possible outcomes of the same technology, with the deciding variable being institutional quality rather than the technology itself.

This framework has direct relevance for developing countries such as Nepal, where federal restructuring has created a three-tier system of government whose subnational units vary considerably in administrative capacity and digital readiness. Comparative evidence from other decentralizing federal systems suggests that digital platforms can support local revenue administration and service delivery, but only where subnational governments receive parallel investment in technical staffing, connectivity, and regulatory clarity from the central

level (Ter-Minassian, 2020); without such investment, digitalization in a federal context risks reproducing the very centralization it was intended to counterbalance, as technically capable central ministries retain effective control over shared digital platforms. For Nepal and similarly positioned economies, the practical policy implication is that e-governance strategy should be sequenced deliberately: foundational investments in rural connectivity, digital literacy, and local institutional capacity should generally precede or accompany the rollout of centralized digital platforms, rather than follow them, so that decentralization is not left to develop only after centralizing systems are already entrenched. Comparable dynamics are visible in the private-sector dependency documented across the literature: where governments outsource core digital infrastructure to a small number of external vendors, and simultaneously lack strong domestic regulatory capacity, the state's bargaining position in future contract renewals and data-governance disputes tends to weaken over time. Building minimal domestic technical capacity — even where public infrastructure is initially built and operated by private partners, should therefore be treated as a strategic economic asset, not merely a technical or budgetary consideration, particularly for small economies with limited leverage over multinational technology providers.

Future Research Directions

Future research on e-governance and economic power structures should address several interrelated priorities. Comparative studies across countries with varying institutional capacity, digital infrastructure, and socio-economic context could clarify how different governance models shape economic empowerment and inequality, while longitudinal research on the effects of digital decentralization on local economies, particularly in marginalized regions, would provide more direct evidence on effective strategies for inclusive development than the predominantly cross-sectional literature reviewed here. Research on data governance, privacy, and the ethical use of information is increasingly urgent as both governments and private actors gain control over vast economic datasets, and scholars should examine the role of emerging technologies such as artificial intelligence, blockchain, and predictive analytics in reshaping economic power relations, alongside the risks of digital monopoly and market concentration that these technologies may introduce. Interdisciplinary approaches that integrate political economy, technology studies, and social-equity perspectives are especially well suited to identifying the specific institutional design features, the “deciding variables” identified in Section 4.9, that determine whether e-governance enhances administrative efficiency alone or also contributes to equitable and sustainable economic growth. Finally, given the country-specific policy implications discussed above, primary case-study research on federal and decentralizing developing economies, including Nepal, would substantially strengthen the currently thin evidence base on how sequencing and institutional design shape the distributive outcomes of digital governance in practice.

Conclusion

This study set out to critically examine how e-governance reshapes economic power structures, and the analysis confirms the dual nature of digital governance as both an instrument of state consolidation and a potential enabler of local empowerment. Centralized digital platforms, national databases, e-procurement systems, and digital taxation frameworks strengthen government capacity to monitor financial flows, enforce regulation, and reduce corruption, allowing states to exercise greater oversight over economic activity and improve the efficiency of resource allocation and policy implementation. Centralization, however, also concentrates power within specific governmental bodies, which can constrain the autonomy of local institutions and reduce responsiveness to region-specific needs; the evidence indicates that the benefits of centralization must therefore be balanced against mechanisms that promote transparency, accountability, and decentralized participation, in order to prevent the misuse of authority and ensure equitable governance. Simultaneously, e-governance presents genuine opportunities for decentralization and inclusive economic participation. Digital tools can empower local governments, SMEs, and marginalized groups by reducing bureaucratic barriers, expanding access to public services, and fostering entrepreneurship; platforms for financial inclusion, business registration, and citizen engagement broaden participation in economic activity, redistributing power and supporting local development. The effectiveness of these initiatives, however, depends heavily on institutional capacity, infrastructure, and digital literacy, and without sufficient investment in these areas, e-governance may fail to achieve meaningful empowerment or may inadvertently reinforce existing inequality. Bridging the digital divide therefore remains a critical and unresolved priority, since disparities in access to technology and skills continue to determine who benefits from digital-governance systems.

The interplay between public institutions and private-sector actor's highlights both the opportunities and the risks inherent in modern e-governance. Large technology firms provide critical infrastructure, software, and data-management services that foster innovation and efficiency, yet their involvement raises legitimate concerns about market concentration, data ownership, and regulatory autonomy. Ethical and transparent data governance is essential to prevent misuse and to ensure that economic power is not disproportionately concentrated among a few entities. The principal contribution of this study lies in synthesizing these often separately discussed dynamics, centralization, decentralization, the digital divide, private-sector dependency, and institutional capacity, into a single interpretive framework in which institutional quality, rather than the technology itself, determines whether e-governance empowers or entrenches. This framework provides a starting point for policymakers in developing and federalizing states, including Nepal, seeking to sequence digital-governance reform in ways that build local capacity alongside centralized systems rather than after them. Overall, e-governance is neither inherently empowering nor inherently restrictive; its impact

on economic power structures is shaped by the design of digital systems, the strength of institutions, the inclusivity of policy, and the regulatory frameworks in place. Future strategy should therefore prioritize a balanced approach that leverages technological innovation while safeguarding equity, accountability, and inclusive economic development and future research, as outlined above, should move beyond descriptive synthesis toward comparative and primary evidence capable of testing these propositions directly.

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